

SECTION 470: BUDGETARY CONTROL ACCOUNTING

1. General Description. Budgetary control accounting is that group of recording activities directed toward the control of revenues and expenditures within the total accounting system. As indicated in Section 420, appropriate budgetary controls within the accounting system comprise one of the generally accepted accounting principles in governmental accounting and reporting. The purpose of this Section 470 is to describe the manner in which the budgetary control accounting principle is incorporated into the State of Hawaii's accounting system.
2. Budgetary Control Accounts. The General Ledger accounts most directly involved in budgetary control accounting are listed below in this subsection. Some of these accounts are common in governmental accounting; others are unique in the manner in which they are used in the State of Hawaii's accounting system. All of these accounts are explained in the Appendix in this Volume of the Accounting Manual.
 - (a) Estimated Revenues.
 - (b) Estimated Appropriations.
 - (c) Unallotted Appropriations.
 - (d) Unencumbered Allotments.
 - (e) Unliquidated Encumbrances.
 - (f) Bonds Authorized and Unissued.
3. Budgetary Control Accounting Cycle. The general cycle followed each fiscal year in budgetary control accounting can be described in terms of the transaction-recording below:
 - (a) Estimated Revenues. These transactions are recorded at the beginning of each fiscal year, and the initial transactions may be adjusted for any official changes to the initial estimates.
 - (b) Legislative Appropriations. These transactions are recorded at the beginning of each fiscal year. For appropriations that depend upon the receipt of a designated source of revenue (such as Special Revenue Funds), the legislative appropriations are used as a control over expenditures, but are not formally recorded in the accounting records except to the extent that the designated revenue has been received.
 - (c) Executive Allotments. These transactions are recorded for the release of appropriations by the Governor (or by the Director of Finance when so designated).

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- (d) Encumbrances. These transactions reserve a part of the appropriation for obligations in the form of purchase orders, contracts, or salary commitments. They cease to be encumbrances when paid.
 - (e) Revenue and Expenditure Transactions. These transactions are the actual (not budgetary) transactions that occur throughout a fiscal year.
 - (f) Reversions. These transactions revert any remaining (unexpended and unencumbered) allotment back to the related appropriation account.
 - (g) Lapses. These transactions lapse any remaining appropriation, at the designated date of lapse for the appropriation, back to the fund balance or other source from which the appropriation was originally made.
 - (h) Closing. These transactions close nominal accounts to the real accounts indicated as follows:
 - (1) Revenue accounts are closed to Estimated Revenues.
 - (2) Remainder of Estimated Revenues is closed to Fund Balance.
 - (3) Expenditure accounts are closed to Unencumbered Allotments.
4. While the description in this Section 470 is intended to be general in nature, the following table with more specific transaction-recording information is provided for a more detailed understanding of the budgetary control accounting cycle where it would be helpful or otherwise desired; however, it should be understood by any user of the following table that it reflects only the more commonly used transactions involved in the cycle. (The numbers in the fund-columns are General Ledger account numbers.)

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	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TRUST & AGENCY FUNDS</u>	<u>BOND FUND</u>
(a) <u>REVENUES.</u>				
(1) Qtrly. Estimated Revenues (trans. code 94):				
Estimated (Appropriated) Revenues	1551	2561	N/A	N/A
Fund Balance	1961			
Estimated Appropriations		2913		
(2) Receipts (various receipt trans. codes):				
Cash in State Treasury	1111	2111	3111	4111
Estimated (Appropriated) Revenues Realized	1555	2565		
Estimated (Appropriated) Non-Revenues Realized	1556	2566		
Bonds Authorized and Unissued Fund Balance			3961	4581 to 4590
Estimated Appropriations		2913		
Unallotted Appropriations		2911		
(3) Year-End Closing:				
Estimated (Appropriated) Revenues Realized	1555	2565	N/A	N/A
Estimated (Appropriated) Non-Revenues Realized	1556	2566		
Estimated (Appropriated) Revenues	1551	2561		
Estimated (Appropriated) Revenues (Dr. or Cr.)	1551	2561		
Fund Balance (Dr. or Cr.)	1961			
Estimated Appropriations (Dr. or Cr.)		2913		

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	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TRUST & AGENCY FUNDS</u>	<u>BOND FUND</u>
(b) <u>EXPENDITURES.</u>				
(1) Appropriations by Legislature and Governor (various appropriation trans. codes):				
Fund Balance	1961	N/A	N/A	
Bonds Authorized and Unissued				4581 to 4590
Unallotted Appropriations	1911			4911
(2) Allotment (various allotment trans. codes):				
Unallotted Appropriations	1911	2911	N/A	4911
Unencumbered Allotments	1915	2915		4915
(3) Encumbrance (various encumbrance trans. codes):				
Unencumbered Allotments	1915	2915	N/A	4915
Unliquidated Encumbrances	1917	2917		4917
(4) Expenditures (various expenditure trans. codes):				
Fund Balance			3961	
Governmental Cost	1921	2921		4921
Non-Governmental Cost	1922	2922		4922
Cash in State Treasury	1111	2111	3111	4111
(5) Reversions (trans. code 59):				
Unencumbered Allotments	1915	2915	N/A	4915
Unallotted Appropriations	1911	2911		4911
(6) Lapses (trans. code 49):				
Unallotted Appropriations	1911	N/A	N/A	4911
Fund Balance	1961			
Bonds Authorized and Unissued				4581 to 4590
(7) Year-End Closing:				
Unencumbered Allotments	1915	2915	N/A	4915
Governmental Cost	1921	2921		4921
Non-Governmental Cost	1922	2922		4922

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